



Irish Life Weekly Investment Bulletin

The week that was – WEEK 09 (ending 03/03/2017)

“You can't wait for inspiration. You have to go after it with a club.” – Jack London

Irish retail sales show highest increase in six months – The latest figures published by the Central Statistics Office (CSO) show the volume of retail sales increased by 2.2% in January compared to December - the sharpest jump in six months. They rose by 4.9% on an annual basis but by 6.1% excluding car sales.

Irish manufacturing and services surveys signal solid growth – The latest Investec Manufacturing Purchasing Managers Index (PMI) survey rose to the highest reading in seven months in February, at 52.5. The Services PMI for February fell to 60.6 from its seven-month high of 61.0 in January, but still very strong.

Global stock market up 0.8% on the week – The MSCI AC World Index extended its gains for 2017 during the week with a 0.78% rise from 24th February to 3rd March. The momentum continued with both the Dow Jones closing above 21,000 for the first time and the FTSE 100 also closing at a record high on Wednesday.

Markets pricing in U.S. rate increase of 0.25% this month – The week began with markets pricing in about a 50% chance of a rate rise at the Federal Open Market Committee meeting this month but ended with them nearly fully pricing in a 0.25% increase. Comments from various Fed officials reinforced the expectations.

Potential rate rise and economic data increase bond yields – Core bond yields rose over the week after good economic data, this month's expected U.S. interest rise and President Trump's promised stimulus hopes. The 10 year Treasury yield moved up to 2.5% from 2.3% and the 10 year Germany yield to 0.3% from 0.2%.

Eurozone inflation hits 2% for the first time in 4 years – The annual rate of inflation in the eurozone rose above the European Central Bank's target for the first time since January 2013 during February (from 1.8% in January), driven higher by a 9.2% annual rise in energy prices. The ECB's target is close to, but below, 2%.

The Story of the week: A 'mighty' mouse caused a big delay for a flight from London to San Francisco, forcing passengers to switch aircraft after the tiny stowaway was discovered. Rodents have been known to chew through the wiring on aircraft, with potentially dangerous results. "Somebody saw a mouse that scurried under one of the doors," said passenger Chris Claeboe. "They kept us on the plane for about 15 minutes, told us we had to get off the plane because we couldn't fly with a mouse." This forced them to switch aircraft and endure a four-hour delay, according to passengers. British Airways in a statement confirmed the disruption of its Flight 285 from London's Heathrow Airport to San Francisco, saying "on this occasion there was one very small customer who we had to send back to the gate."

DISCLOSURE: Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland. While Irish Life Investment Managers uses reasonable efforts to ensure that the information contained in this document is current, accurate and complete at the date of publication, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. Irish Life Investment Managers therefore cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in reliance on, any information contained in this document. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. The performance shown represents past performance and does not guarantee future results. Past performance is not indicative of future results.

Index Performances and Market Data*

Equity Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 03/03)
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	2.4
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	4.1
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	3.7
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	6.8
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	9.1
Nikkei 225	22.9	56.7	7.1	9.1	0.4	1.9
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	5.6
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	5.7
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.5
German	1.4	1.9	0.5	0.6	0.2	0.3
UK	1.9	3.0	1.9	1.9	1.2	1.2
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	1.0
Italy	4.6	4.1	2.1	1.6	1.8	2.1
Greece	12.7	8.2	9.6	7.9	7.1	6.9
Portugal	6.9	6.1	2.7	2.5	3.8	3.9
Spain	5.4	4.1	1.6	1.7	1.4	1.7
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	0.75
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/€)	1.31	1.37	1.21	1.09	1.04	1.06
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.86
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.23
IPD All Property Return (%)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	N/A
U.K.	2.7	10.7	17.8	13.1	3.6	N/A
U.S.	5.3	11.4	11.2	12.1	7.8	N/A

*Past performance is not a reliable guide to future performance